

M E M O R A N D U M

#04-20

TO: All Department and School Fiscal Officers

FROM: Trisha L. Neely, Director

DATE: May 3, 2004

SUBJECT: FIXED ASSETS

Once again, we will be relying on the Fixed Asset Subsystem in DFMS to report the State 's fixed assets on the FY 2004 Basic Financial Statements. In order to maintain a clean audit opinion on the State 's financial statements and a strong bond rating, it is absolutely essential the information in the Fixed Asset Subsystem is correct.

Report number F25F2705 (GAAP Report of Fixed Assets Over \$15,000) is now available through Mobius. This report shows only those items, which will be used as a basis for reporting fixed assets in the fiscal year 2004 CAFR. Please review this report carefully and make any necessary adjustments, both additions and deletions, prior to the close of the fiscal year, including updating any FA. Effective July 1, 2004, a new process will be in place whereby the Fixed Asset document will need to be cleared before the payment voucher is processed (Ref. Accounting Memorandum number 04-18 dated March 8, 2004 attached).

Also, in accordance with the Budget and Accounting Policy Manual (Section IV, C, 1,a, (1), (a)), "A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years." If you have not performed a physical inventory within this timeframe, you must conduct one prior to June 30, 2004, and fill out the attached Property Inventory Reconciliation form. This form must be returned to this office, to the attention of David Walls by July 30, 2004.

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April 27, 2004
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REPORTING CRITERIA FOR FIXED ASSETS

All furniture, equipment, and vehicles with a useful life of more than one (1) year and a purchase or acquisition cost of more than \$15,000 per item are required to be included and maintained in the State's Fixed Asset Subsystem. Furthermore, all buildings and land are to be reported in the Fixed Asset Subsystem **at any value**. Building improvements and land improvements are to be reported if the cost is greater than \$100,000. Please refer to the Fixed Asset Accounting Manual for further information

Construction-work-in-progress will be reported as part of the GAAP package this year and will be entered on-line into the GMEN System. Refer to the GAAP Manual for instructions.

PHYSICAL INVENTORY

The Budget and Accounting Policy Manual requires that "A physical inventory of the property must be taken and the results reconciled with the property records at least every two years." Please submit the attached certification verifying such inventory was conducted and submit the certification form to Dave Walls in the Division of Accounting no later than July 30, 2004. Documentation to support that a physical inventory was performed must be made available for review by the auditors during the fiscal year 2004 financial audit.

The State has a significant investment in fixed assets. To improve financial reporting, accountability and operational efficiencies in managing these assets, we must continue to maintain accurate property inventory records. Your assistance is greatly appreciated.

Thank you for your cooperation. If you have any questions concerning the above, please contact Dave Walls at (302) 744-1040 or Linda Murabito at (302) 744-1079.

Cc: David Walls

MEMORANDUM

TO: David C. Walls, CGFM
Division of Accounting

FROM: _____

DEPT: _____

SUBJECT: PROPERTY INVENTORY RECONCILIATION - FY 2004

I certify that a physical inventory has been performed and reconciled with the annual GAAP Report of Fixed Assets over \$15,000 (F25F2705). Furthermore, the Fixed Asset Subsystem has been updated to reflect all purchases and acquisitions as well as deletions during the past fiscal year.

Signed: _____
Responsible official

Date: _____

This form is due in the Division of Accounting by **July 30, 2004**.
(FAX number 302-744-1045)